

# Eligible Activities

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## Housing Needs Assessment - Community Development Block Grant

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### Eligible Applicants

Eligible applicants include only cities, towns, and counties that are outside of CDBG entitlement communities and whose proposed activities are consistent with the State's HUD-approved Consolidated Plan. Not-for-profit 501(c)3 and 501(c)4 organizations, regional planning commissions, public housing authorities, and townships are encouraged to participate in these activities as subrecipients of local units of government, but must apply through a sponsoring eligible city, town, or county.

The following entitlement communities are not eligible to apply for CDBG funds:

Anderson	Bloomington	Columbus	East Chicago
Elkhart	Evansville	Fort Wayne	Gary
Goshen	Hamilton County	Hammond	Indianapolis*
Kokomo	Lafayette	Lake County	LaPorte
Michigan City	Mishawaka	Muncie	New Albany
South Bend	Terre Haute	West Lafayette	

*\*The Cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County, and housing activities located in these jurisdictions are eligible for funding from IHFA.*

### Eligible Activities

Eligible activities include:

- Housing Needs Assessments that, if implemented, would be eligible for CDBG, HOME, or HTF funding (i.e. targeting the low- and moderate-income population).
- Research and data gathering.
- Preparation of housing-related plans and the identification of actions that will implement such strategies and plans.

Eligible activities do not include:

- Preparation of detailed engineering, architectural, and design materials ordinarily required for construction purposes.
- Acquisition or disposition of real property.
- Relocation payments and other assistance for persons or businesses permanently or temporarily relocated as the result of the anticipated activity.
- The costs associated with preparing applications to IHFA.
- New or updated studies to communities that have received IHFA funding in the past 5 years for a Housing Needs Assessments in the same geographic area.

### Subsidy Limitations

- The following subsidy limitations shall apply to all housing needs assessment funding requests:

<u>Local Unit Population</u> *	<u>Maximum Amount</u>
City or Town up to 10,000	\$20,000
City or Town between 10,001 to 15,000	\$25,000
City or Town with over 15,000	\$30,000
County	\$30,000
Multi-County Area	\$50,000

- Ten percent (10%) of the award will be held back until the Housing Needs Assessment is received and approved by IHFA and until all closeout documents, including match information has been received.

\*Local unit population excludes incorporated areas that are not included in the Housing Needs Assessment.

Entitlement areas must be excluded from the population count.

### Term

All funds must be expended within a 12-month term.

## Activity Provisions

The following elements and methodologies must be addressed in all funded Housing Needs Assessments and this type of organization should be utilized for the study. For updates to previous IHFA-funded Needs Assessments which are now older than 5 years, the update must include an evaluation of what was achieved in the previous assessment, the impact those achievements had on the community, an identification of any community/market changes, and an updated strategies and action plan.

## Needs Assessment

- **Introduction:** State the source of funding, including the Indiana Housing Finance Authority and Community Development Block Grant program. Participating organizations, such as applicant, subrecipient, consultant, etc. should be cited.
- **Community Profile:** Collect and analyze population and demographic data to determine the characteristics of the community. Identify low-income areas. Determine the percentage of homeowners vs. renters in age categories. Report the age and condition of existing housing and differences in property values.
- **Housing Cost Burden:** Analyze and discuss the extent to which low-income households are devoting a high percentage of income to housing needs. Discuss the reasons underlying the analysis, including utility costs, availability of decent, safe and affordable housing, and other relevant factors.
- **Type and Quality of Housing:** Analyze the type of housing in the community available to low-income families, including single-family, multi-family, rental vs. owner-occupied, vacancy rates, quality of housing units and age, location issues, and other relevant factors.
- **Housing Condition Survey:** At a minimum, a survey of the exterior condition of existing housing in the community should be conducted. The interior condition should also be surveyed if possible. Identified target areas of concentrated low-income households may be surveyed in larger communities.
- **Changes in Housing Inventory:** Quantify the amount of vacant housing units in the community. Discuss changes in the housing inventory including the type, location, cost, and size of housing units that have been constructed, and how this impacts the needs of low-income families. Analyze existing rents and sales prices of housing units by size. Consider availability and affordability to low-income households.
- **Special Needs and Homeless:** Discuss the availability of housing for homeless persons and special populations, such as physically or developmentally disabled, elderly, and other special needs groups.
- **Services Supporting Affordable Housing:** Consider what services are available for supporting low-income households relative to housing, including housing counseling services and programs to assist the homeless, elderly, disabled, substance abusers, and mentally impaired. Identify public housing authorities serving the community.
- **Adequacy of Infrastructure:** Discuss the adequacy and availability of water and sewer service, gas, electricity, telephone, and waste disposal in the community.
- **Neighborhood Needs:** Discuss individually the housing needs of any and all neighborhoods with concentrations of low-income households, as well as the infrastructure needs of these areas.

## Market Conditions

- Discuss population trends and demographics in the community and how these factors affect housing demands.
- Discuss the location, availability, and type of publicly assisted housing in the community.
- Discuss the availability of private-sector and public-sector funds for housing. Identify the major impediments to accessing these resources by low-income households, or owners and developers of low-income housing. Describe any adverse effects market conditions have on producing rental housing, promoting new homeownership, or serving large families.
- Describe the local economic base and any foreseeable problems in the local economy. Identify all major employers and regional developments that affect housing demand.
- Describe all regulations affecting housing construction and rehabilitation including building permits and fees, building inspections, zoning ordinances, subdivision ordinances, housing standards, building codes, code enforcement, utility connection fees, historic districts, and floodplains.

### **Strategies**

- Identify all potential sources of funding and financing for affordable housing.
- Develop general strategies that the community can pursue to address the identified housing needs. Prioritize the strategies based on the degree and extent of need. The strategies should cover the following housing programs:
  - Homeownership Counseling
  - Owner-Occupied Rehabilitation
  - Rental Rehabilitation
  - Tenant Rental Assistance/Section 8 Housing
  - Conversion or Demolition of Vacant Housing
  - Transitional Housing
  - Homeless/Emergency Shelters
  - Special Needs Housing
  - Supportive Services/Supportive Infrastructure and
  - Public-Private Partnerships
- Specific neighborhood revitalization strategies must be developed for areas with concentrations of low-income residents. Include a set of strategies and priorities for each neighborhood strategy area.

### **Action Plan**

- Set forth the specific activities that should be taken within the next 5 years to carry out the strategies that have been identified. Include a timetable for implementation of the strategies. Identify major milestones and a proposed completion date for each major milestone.
- Identify who or what organizations will oversee this process and that will be involved with implementing activities.
- Describe the current housing delivery system, including all agencies and organizations that are currently involved in local housing programs. Summarize previous housing programs that have been undertaken.
- Outline a public participation process to carry out the action plan. Describe the involvement of the local governing body and any appointed committees or task force. Describe the make-up of an appointed committee or task force, which should include substantial representation by low-income residents.

### **Leveraging Funds Requirements**

The applicant must demonstrate eligible leveraging funds equal to 10% of the amount of CDBG funds requested. Please refer to the Definitions in the Appendices for a description of eligible sources of leveraging funds.

### **Eligible Activity Costs**

**Administration Costs** (limited to 5% of the award amount):

- Monitoring
- Compliance
- Financial Management
- Reporting
- Training Related
- Contracted services or consultant fees are reimbursable at a reasonable hourly rate
- For local units of government and subrecipients - only direct costs such as salaries and fringe benefits are reimbursable

### **Housing Needs Assessment (Planning)**

- Overhead
- Program Management
- Meeting Space
- Data Gathering and Surveys
- Related Travel
- Postage
- Marketing and Advertising
- Photocopying
- Printing Fees
- Professional Services

## ***Feasibility Studies - Community Development Block Grant***

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### **Eligible Applicants**

Eligible applicants include only cities, towns, and counties that are outside of CDBG entitlement communities and whose proposed activities are consistent with the State's HUD-approved Consolidated Plan. Not-for-profit 501(c)3 or 501(c)4 organizations regional planning commissions, public housing authorities, and townships are encouraged to participate in these activities as subrecipients of local units of government, but must apply through a sponsoring eligible city, town, or county.

The following entitlement communities are not eligible to apply for CDBG funds:

Anderson	Bloomington	Columbus	East Chicago
Elkhart	Evansville	Fort Wayne	Gary
Goshen	Hamilton County	Hammond	Indianapolis*
Kokomo	Lafayette	Lake County	LaPorte
Michigan City	Mishawaka	Muncie	New Albany
South Bend	Terre Haute	West Lafayette	

*\*The Cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County, and housing activities located in these jurisdictions are eligible for funding from IHFA.*

### **Eligible Activities**

IHFA encourages investments that will preserve housing units as decent, safe, and affordable for the long term. Funds may be used for site- or area-specific feasibility studies that, if implemented, would be eligible for CDBG, HOME, or HTF funding (i.e. that would target the low- and moderate-income population).

Eligible activities include:

- Research and data gathering.
- Market studies.
- Analysis of impediments to fair housing choice.
- Environmental and historic preservation studies directly related to eligible housing.
- Preliminary engineering and architectural plans.

Eligible activities do not include:

- Preparation of detailed engineering, architectural, and design materials ordinarily required for construction purposes.
- Acquisition or disposition of real property including purchase options.
- Relocation payments and other assistance for persons or businesses permanently or temporarily relocated as a result of the anticipated activity.
- The costs associated with preparing applications to IHFA.
- The costs of implementing plans prepared with CDBG assistance, while not eligible as planning costs, may still be eligible for CDBG or HOME funding if the implementing actions are part of other eligible activities, such as rehabilitation.
- Developments that have received or anticipate receiving IHFA CHDO Predevelopment Loan funds, unless the award was more than five years prior to the application due date.
- Property appraisals.

### **Subsidy Limitations**

- The maximum award amount for a Feasibility Study is \$30,000.
- 10% of the award will be held back until the feasibility study document is received and approved by IHFA, and until all closeout documents, including match information, has been received.

### **Term**

All funds must be expended within a 12-month term.

## Leveraging Funds Requirements

The applicant must demonstrate eligible leveraging funds equal to 10% of the amount of CDBG funds requested. Please refer to the Definitions section of the Appendices for a description of eligible sources of leveraging funds.

## Activity Provisions

The following elements and methodologies must be addressed in all funded Feasibility Studies and this type of organization should be utilized for the study.

- **Introduction:** State the source of funding, including credit to the Indiana Housing Finance Authority and Community Development Block Grant program. Participating organizations, such as applicant, subrecipient, consultant, etc. should be cited.
- **Neighborhood/Location Issues:** Current zoning, appropriate infrastructure/utility service, negative neighborhood factors, suitability for type of residential development: homeownership or rental use.
- **Property Condition:** Environmental issues, lead-based paint, property condition, structural or site improvements needed.
- **Use Requirements/Possibilities:** preferred use; preferred mix, unit sizes and types, alternative uses;
- **Supportive Services:** current housing delivery system, housing counseling, job programs, transportation, programs to assist homeless, elderly, disabled, etc.
- **Existing Residents and Relocation Requirements:** occupied units, income mix, interested residents, number to relocate.
- **Total Development Cost Estimate:** estimated acquisition cost, construction costs, other costs, cost per unit.
- **Market Affordability Assessment:**
  - Discuss population trends and demographics in the community and how these factors affect housing demands.
  - Discuss the location, availability, and type of publicly assisted housing in the community.
  - Discuss the availability of private-sector and public-sector funds for housing. Identify the major impediments to accessing these resources by low-income households, or owners and developers of low-income housing. Describe any adverse effects market conditions have on producing rental housing, promoting new homeownership, or serving large families.
  - Describe the local economic base and any foreseeable problems in the local economy. Identify all major employers and regional developments that affect housing demand.
  - Describe all regulations affecting housing construction and rehabilitation including building permits and fees, building inspections, zoning ordinances, subdivision ordinances, housing standards, building codes, code enforcement, utility connection fees, historic districts, and floodplains.
- **Feasibility Assessment:** revenue to costs comparison, maximum debt service, possible financing sources, possible developers, and any assumptions included in these conclusions.
- **Implementation Plan:**
  - Set forth the specific activities that should be taken within the next 2 years to carry out the proposal that has been identified as feasible.
  - Include a timetable for implementation of the strategies.
  - Identify major milestones and a proposed completion date for each major milestone.
  - Describe the administrative structure through which the activities are to be provided.
  - Identify other organizations that will be involved with implementing activities.
  - Outline a public participation process to carry out the action plan.
  - Describe the involvement of the local governing body and any appointed committees or task force.
  - Describe the make-up of an appointed committee or taskforce which should include substantial representation by low-income residents.

## Eligible Activity Costs

**Administration** (limited to 5% of the award amount):

- Monitoring
- Compliance
- Financial Management
- Reporting
- Related Training
- Contracted services or consultant fees are reimbursable at a reasonable hourly rate

- For local units of government and subrecipients - only direct costs such as salaries and fringe benefits are reimbursable

**Feasibility Studies (Planning)**

- Overhead
- Program Management
- Meeting Space
- Data Gathering and Surveys
- Related Travel
- Postage
- Marketing and Advertising
- Photocopying
- Printing Fees
- Professional Services

## **CHDO Predevelopment Loans - HOME Investment Partnerships Program**

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### **Eligible Applicants**

The applicant must be a state-certified CHDO proposing a CHDO eligible activity within the geographic area for which they are certified (outside the boundaries of a participating jurisdiction). The CHDO must be the owner, developer, or sponsor of the proposed development and must be significantly involved in all phases.

### **Eligible Activities**

Development-specific predevelopment assistance is intended to assure that CHDOs have access to funds for up-front, eligible expenditures. The intent of this loan is to enable a CHDO to determine the financial feasibility of an IHFA HOME CHDO-eligible activity.

An IHFA HOME CHDO-eligible activity includes rental, permanent supportive, transitional housing, and homebuyer rehabilitation or new construction. Permanent supportive or transitional housing developments located anywhere within Indiana are eligible. For rental and homebuyer, the development must be in Indiana, but outside of the incorporated area of the following HOME participating jurisdictions:

Anderson	Gary	Muncie
Bloomington	Hammond	St. Joseph County Consortium
East Chicago	Lake County	Terre Haute
Evansville	Indianapolis *	Tippecanoe County Consortium
Fort Wayne		

*\*The Cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County, and housing activities located in these jurisdictions are eligible for funding from IHFA.*

Loans made under this program may be forgiven if there are impediments to the development that IHFA determines are reasonably beyond the control of the borrower. If the development goes forward without the use of HOME funds, it will still be subject to the HOME requirements.

### **Eligible Beneficiaries**

Proposed rental, permanent supportive or transitional housing developments must assist households at or below 60% of the area median income for that county, as published annually by HUD and distributed by IHFA. Proposed homebuyer activities must assist households at or below 80% of the area median income for that county. Additionally, rental, permanent supportive, or transitional housing developments with 5 or more HOME assisted units must set-aside at least 20% of the units for area median income levels of 50% and below.

### **Eligible Activity Costs**

All costs must be related to a specific development that, if deemed feasible, would be eligible to receive IHFA HOME funds for development. Funded activity costs may not exceed customary and reasonable costs.

Eligible activity costs include:

- Preliminary costs associated with conducting a feasibility analysis of the proposed activity,
- Professional fees such as legal, architectural, engineering, etc. to render preliminary development details,
- Title search,
- Option(s) to purchase property,
- Payment of necessary fees such as appraisals and credit checks, and
- A limited amount of CHDO staff costs directly related to the preconstruction activities (limited to 5% of award amount).

Eligible activity costs do not include:

- The costs associated with preparing applications to IHFA,
- Preparation of detailed engineering, architectural, and design materials ordinarily required for construction purposes,
- General operating expenses of the organization, and



- Developments that have received or anticipate receiving IHFA CDBG Feasibility Study funds, unless the award was more than 5 years prior to the application due date.

### Subsidy Limitations

- Assistance is provided as a loan at a 0% interest rate. All funds must be expended within 12 months and repaid within a 24-month term.
- The maximum CHDO Predevelopment Loan amount is \$30,000.
- Applicants are limited to a total of \$30,000 in CHDO Predevelopment Loans, CHDO Seed Money Loans, or combination of both, for any one development. This limitation applies to either a combined application or separate applications.
- Up to 5% of the award may be applied for staff salaries.

### Activity Provisions

- Applicants may apply for both a CHDO Predevelopment Loan and a CHDO Seed Money Loan in the same application for the same development. Those applicants who do so will still have only 12 months to expend all the funds and 24 months to repay all the funds from both loans. They will also not be able to draw funds for the Seed Money Loan until they have:
  - Demonstrated development financial feasibility,
  - Demonstrated that there is a market need for the proposed development,
  - Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),
  - Completed the environmental review release of funds process and submitted the environmental review record to their IHFA Allocation Analyst,
  - Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
  - Demonstrated the capacity of the CHDO's staff to implement the proposed development.

## ***CHDO Seed Money Loans - HOME Investment Partnerships Program***

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### **Eligible Applicants**

The applicant must be a state-certified CHDO and must propose a CHDO-eligible activity within the geographic area for which they are certified (outside the boundaries of a participating jurisdiction). The CHDO must be the owner, developer, or sponsor of the proposed development and must be significantly involved in all phases.

### **Eligible Activities**

Development-specific predevelopment assistance is intended to assure that CHDOs have access to funds for up-front, eligible expenditures. The purpose of this loan is to enable a CHDO that has determined an IHFA HOME CHDO-eligible activity is feasible to move forward with predevelopment activities such as preparing final architectural and engineering plans, and to get a CHDO-eligible activity to the point that construction can begin soon after IHFA HOME funds are awarded.

An IHFA HOME CHDO-eligible activity includes rental, permanent supportive, transitional housing, and homebuyer rehabilitation or new construction. Permanent supportive or transitional housing developments located anywhere within Indiana are eligible. For rental and homebuyer, the development must be in Indiana, but outside of the incorporated area of the following HOME participating jurisdictions:

Anderson	Gary	Muncie
Bloomington	Hammond	St. Joseph County Consortium
East Chicago	Lake County	Terre Haute
Evansville	Indianapolis*	Tippecanoe County Consortium
Fort Wayne		

*\*The Cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County, and housing activities located in these jurisdictions are eligible for funding from IHFA.*

Prior to application submission, applicants for CHDO Seed Money loans must have:

- Demonstrated development financial feasibility,
- Demonstrated that there is a market need for the proposed development,
- Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),
- Completed the environmental review release of funds process and submitted the environmental review record to their IHFA Allocation Analyst,
- Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
- Demonstrated the capacity of the CHDO's staff to implement the proposed development.

If the applicant anticipates using a future IHFA HOME award to reimburse themselves for acquisition costs, they must complete the environmental review release of funds process prior to acquisition. Failure to do so will make acquisition costs ineligible for reimbursement under the HOME program.

Loans made under this program may be forgiven if there are impediments to the development that IHFA determines are reasonably beyond the control of the borrower. If the development goes forward without the use of HOME funds, it will still be subject to the HOME requirements.

### **Eligible Beneficiaries**

Proposed rental, permanent supportive, or transitional housing developments must assist households at or below 60% of the area median income for that county, as published annually by HUD and distributed by IHFA. Proposed homebuyer activities must assist households at or below 80% of the area median income for that county. Additionally, rental, permanent supportive, or transitional developments with 5 or more HOME assisted units must set-aside at least 20% of the units for area median income levels of 50% and below.

### Eligible Activity Costs

All costs must be related to a specific development that has already been deemed feasible and that would be eligible to receive IHFA HOME funds for development. Funded activity costs may not exceed customary and reasonable costs.

Eligible activity costs include:

- Costs of obtaining firm construction loan commitments
- Architectural plans and specifications
- Zoning approvals
- Engineering studies
- Legal fees
- Preliminary costs associated with conducting a site specific feasibility analysis
- Title search
- Option(s) to purchase property and
- Payment of necessary fees such as appraisals and credit checks
- RHTC reservation fee

Eligible activity costs do not include:

- The costs associated with preparing applications to IHFA,
- Property acquisition,
- Construction hard costs,
- General operating expenses of the organization, and
- A limited amount of CHDO staff costs directly related to the preconstruction activities (limited to 5% of award amount).

### Subsidy Limitation

- Assistance is provided as a loan at a 0% interest rate. All funds must be expended within 12 months and repaid within a 24-month term.
- The maximum Seed Money Loan amount is \$30,000.
- Applicants are limited to a total of \$30,000 in CHDO Predevelopment Loans, CHDO Seed Money Loans, or combination of both, for any one development. This limitation applies to either a combined application or separate applications.

### Activity Provisions

- Applicants may apply for both a CHDO Predevelopment Loan and a CHDO Seed Money Loan in the same application for the same development. Those applicants who do so will still have only 12 months to expend all the funds and 24 months to repay all the funds from both loans. They will also not be able to draw funds for the Seed Money Loan until they have:
  - Demonstrated development financial feasibility,
  - Demonstrated that there is a market demand for the proposed development,
  - Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),
  - Completed the environmental review release of funds process and submitted the environmental review record to their IHFA Allocation Analyst,
  - Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
  - Demonstrated the capacity of the CHDO's staff to implement the proposed development.

## ***Trust Fund Seed Money Loan – Indiana Housing Trust Fund***

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### **Eligible Applicants**

The applicant must be a not-for-profit 501(c)(3) or (4) organization, a public housing authority, or a for-profit entity. CHDO's are eligible to apply as a not-for-profit organization for activities that are non-IHFA HOME CHDO-eligible. CHDO's seeking predevelopment funds for a CHDO-eligible activity within their service area are encouraged to apply for a CHDO Predevelopment and/or a CHDO Seed Money Loan instead.

The Indiana statute enacting the Indiana Housing Trust Fund, contains the stipulation that at least 50% of the HTF must be set-aside for not-for-profit organizations.

### **Eligible Activities**

Development-specific predevelopment assistance is intended to assure that developers have access to funds for up-front, eligible development expenditures. The purpose of this loan is to enable an organization that has determined that an activity is eligible for IHFA assistance and is feasible, to move forward with predevelopment activities, such as preparing final architectural and engineering plans, and to get a development to the point that construction can begin soon after IHFA funds are awarded.

The application must identify the specific property to be developed, and funding will be provided for activities related to that site only. Additionally, the application must contain a credible repayment plan. The HTF Seed Money Loan must be repaid to IHFA regardless of whether the development is determined to be infeasible or otherwise does not move forward.

Eligible acquisition, rehabilitation, or new construction activities include:

- Rental
- Permanent Supportive Housing
- Transitional
- Homebuyer
- Emergency shelter
- Youth shelter or
- Migrant seasonal farm worker housing

Developments may be located anywhere within Indiana.

Prior to application submission, applicants for a HTF Seed Money loan must have:

- Demonstrated development financial feasibility,
- Demonstrated that there is a market demand for the proposed development,
- Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),
- Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
- Demonstrated the capacity of the organization's staff to implement the proposed development.

If the applicant anticipates using a future IHFA CDBG or HOME award to reimburse themselves for acquisition costs, they must complete the environmental review release of funds process prior to acquisition. Failure to do so will make acquisition costs ineligible for reimbursement under the HOME or CDBG program.

### **Eligible Beneficiaries**

All assisted units must be restricted for occupancy by persons earning no more than 80% of the area median income, as published annually by HUD. Statewide, at least 50% of the beneficiaries must have household incomes at or below 50% of the area median income. Developments in which greater than 50% of the clients are at or below 50% of the area median income are strongly encouraged.

The Trust Fund requires that assisted rental, permanent supportive, transitional housing, migrant/seasonal farm worker housing, emergency shelter, or youth shelter units remain occupied by the target population for a period of no less than fifteen (15) years. All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant running with the land. Beneficiaries for homebuyer must meet the income

eligibility requirement at initial occupancy. If the development goes forward without the use of HTF funds, it will still be subject to the HTF requirements.

### Matching Funds Requirements

The applicant must demonstrate eligible matching funds equal to 5% of the amount of HTF funds requested. Please refer to the Definitions in Appendix A for a description of eligible sources of matching funds.

### Eligible Activity Costs

All costs must be related to a specific development that would be eligible to receive IHFA HOME, CDBG, and/or HTF funds. Funded activity costs may not exceed customary and reasonable costs.

Eligible seed money loan expenses:

- Costs of obtaining firm construction loan commitments
- Architectural plans and specifications
- Zoning approvals
- Engineering studies
- Legal fees
- Preliminary costs associated with conducting a site specific feasibility analysis
- Title search
- Option(s) to purchase property and
- Payment of necessary fees such as appraisals and credit checks
- RHTC reservation fees

Eligible activity costs do not include:

- The costs associated with preparing applications to IHFA,
- Property acquisition,
- Construction hard costs,
- General operating expenses of the organization,
- Staff costs, and
- Any non-housing related expenses.

### Subsidy Limitation

- Assistance is provided as a secured loan at a 0% interest rate.
- Loan must be secured for 100% of the loan request amount.
- All funds must be expended within 12 months and repaid within a 24-month term.
- The maximum Trust Fund Seed Money Loan amount is \$30,000.
- Loan will not be forgiven.

### Activity Provisions

- Applicant must provide a guarantee of security for 100% of the loan request. Without this documentation, a loan request will fail threshold and will not be considered for funding.